

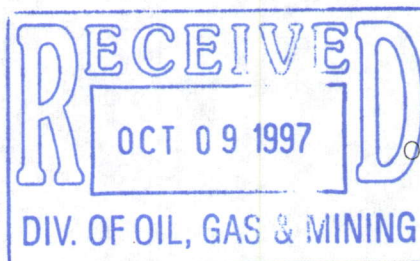


United States Department of the Interior

BUREAU OF LAND MANAGEMENT  
HOUSE RANGE/WARM SPRINGS RESOURCE AREA  
35 East 500 North  
Fillmore, UT 84631



IN REPLY REFER TO:  
3809  
(U-55)  
UTU-070557



October 6, 1997

CERTIFIED MAIL# P 556 237 740  
RETURN RECEIPT REQUESTED

DEXTER ANDERSON  
ATTORNEY  
RED DOME INCORPORATED  
SR BOX 52  
FILLMORE UT 84631

Dear Mr Anderson:

We currently have on file a plan of operations (plan), for the Red Dome quarry which was submitted by Diversified Stone Products. This plan was approved on July 2, 1991 contingent upon the acceptance of a reclamation bond by the Utah Division of Oil Gas & Mining (UDOGM). UDOGM never calculated the bond amount, and thus your plan has never been formally approved. On May 12, 1994, we sent you a letter requesting an amendment to the plan. The amendment was never submitted, and there has been a change of operators, from Diversified Stone Products to Red Dome Incorporated. You must now submit a new plan.

The new plan description should include types of mining equipment used, current mining activity, and future mine plans. The sites of all current and future activities should be designated on a detailed map, along with all areas that have been disturbed or redisturbed since 1981. The purposes of any structures should be explained. A reclamation plan and calculated acreages of all past, current, and future disturbances must also be included. Enclosed is a copy of UDOGM's Large Mine Plan Application which can be used to submit the plan.

A regulation change occurred on February 28, 1997 which affects your activity. We have enclosed a copy of the regulations and Final Rule on Hardrock Bonding Questions and Answers. After reading the enclosed materials, please call this office if you have any questions.

These new regulations require that a financial guarantee in the amount of the estimated reclamation cost or the \$2,000 per acre of surface disturbance or fraction thereof, whichever is greater, be submitted. Also, since UDOGM has not yet calculated the reclamation costs for your operation, you must now provide the

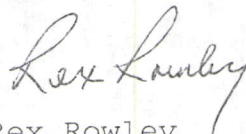


calculation yourself, and, as stipulated in 3809.1-9(h), have the calculation certified by a third party professional engineer registered to practice in the State of Utah. We are enclosing a form that, while not mandatory, you can use to obtain the engineer's certification. This form, or its equivalent, and a bond for the amount calculated must be submitted with the plan.

Also, on April 7, 1997 it became policy for the Bureau of Land Management to suspend processing and approval of any plan that proposes mining of any suspected common variety minerals. We do not yet have an opinion as to whether the particular cinders Red Dome is mining are locatable, but since very few deposits of cinders are not common variety, particularly when put to the uses Red Dome has recently advertised, it is our intent to prepare a "Preliminary Report of Suspected Common Variety Stone" within 60 days. If the preliminary determination indicates that the material is common variety, you must either suspend operations until a validity exam can be conducted, or set up an escrow account and deposit the appraised value of the material to be mined. Removing mineral materials without an approved plan will be considered a willful trespass. Please contact this office for more information on common variety minerals.

We will allow 45 days from the receipt of this letter for you to submit the new plan and bond. Failure to do so may result in the issuance of a Notice of Noncompliance. If you have any questions please call Ron Teseneer at (435)743-3126.

Sincerely,



Rex Rowley  
Area Manager

Enclosure

Large Mine Plan Application  
New 3809 Regulations  
Third Party Professional Engineer's Review

cc: Red Dome Inc., PO Box 52, Fillmore, Ut 84631  
D. Wayne Hedberg, UDOGM (M/027/032)